

STAT

Provisional Regulations on Basic
Reconstruction Work for 1952
Shanghai, Chieh-fang Jih-pao,
19 January 1952

STAT

~~RESTRICTED~~

PROVISIONAL REGULATIONS ON BASIC RECONSTRUCTION WORK

Promulgated by the Committee *of Finance and Economics*
~~of the Government~~ *on Economic and Financial*
~~Affairs, the Administration~~ Council, 9 January 1952

I. GENERAL PROVISIONS

Article 1

Basic reconstruction work refers to any of the newly built, rebuilt, or restored projects and facilities attached to them which are represented by fixed assets and intended for expanded reproduction; it includes, for instance, the state industrial, mining, communication, agricultural, irrigation, financial, commercial, cultural, educational, municipal development, and sanitation projects; enterprises owned by government agencies on and above the ~~greater~~ *region* administrative ~~district~~ levels, and government housing developments, cultural establishments, research laboratories, sanitation projects, and public utilities.

Article 2

Basic reconstruction work consists of the following categories:

1. Construction projects
 2. Installation projects
 3. Procurements of machinery, tools and facilities
- which are part of the fixed assets

~~RESTRICTED~~

~~SECRET~~
RESTRICTED
~~RESTRICTED~~

4. Industrial planning and survey projects including geological investigations and technical studies

5. Others

Article 3

Each reconstruction enterprise or project (i.e., an irrigation project, a highway or a port improvement project) may be classified as a new, rebuilt, or restored project in accordance with its nature:

A project which has never been undertaken before is referred to as a new project;

A project which has been expanded or rebuilt on the basis of its previous capacity is referred to as a rebuilt project;

A project which is being restored from its previous damaged state is referred to as a restored project; however, when it is being expanded on the basis of its existing scale, it shall be referred to as a rebuilt project.

Article 4

In order to facilitate government planning, designing, and work performance, all reconstruction projects shall be limited or unlimited by a set of quotas. The quotas which are determined by the Committee on Finance and Economics (CFE) of Finance and Economics in accordance with the nature of the projects are given at the end of this Regulation.

RESTRICTED

~~RESTRICTED~~
~~SECRET~~

A project whose capital requirement may exceed the quota set forth in this Regulation shall be classified as an open quota project, while a project whose capital requirement cannot exceed the quota set forth in this Regulation shall be classified as a closed quota project. Some individual enterprises or projects, due to their important character, may be free from being limited by quotas at the discretion of the ^(CFE) ~~Committee on Financial and Economic Affairs~~ regardless of their total investment requirements.

A project which is not limited by quota and whose total capital investment equals or exceeds 100 billion yuan shall be referred to as a Class A Reconstruction Project, while a project having a total investment less than this amount shall be referred to as Class B Reconstruction Project.

A closed quota project having a total investment requirement equal or exceeding 2 billion yuan shall be classified as a Class C Project; while a project with an investment requirement less than this amount shall be classified as a Class D Project.

II. ORGANIZATIONS

Article 5

~~Ministries~~
~~Departments~~ of the Central People's Government, the General Administration of State Enterprises, committees on ~~financial~~ ^{finance} and economic ~~affairs~~ of the ~~greater~~ administrative ~~regions~~ ^{regions} ~~district governments~~ and their subordinate ~~enterprise~~ ^{enterprise} bureaus and enterprises may set up specialized organizations in charge

~~RESTRICTED~~

RESTRICTED

~~SECRET~~

of planning, undertaking, and supervising basic reconstruction projects; when these projects are undertaken by private companies on a contract basis, the specialized organizations shall be responsible for supervising and inspecting these projects.

Plans for basic reconstruction projects will be drawn up jointly by government planning divisions and the management of the individual enterprises or projects.

Article 6

The division responsible for basic reconstruction within the enterprise will continue to function as an organ independent of the production division after the enterprise has begun or resumed its production; the reconstruction division shall keep its own financial accounting, material transaction accounts, and other business records separate from the production division.

Article 7

The various departments of the Central People's Government or the General Administration of State Enterprises shall, in accordance with actual circumstances, gradually establish independent planning and construction companies in charge of basic reconstruction projects. These projects shall be handled on a contract basis (in which agreement as to obligation, quality standards, terms of contract, and length of time will be reached and controlled by a financial auditing system).

~~SECRET~~

- 4 -

RESTRICTED

RESTRICTED
~~SECRET~~

III. PREPARATION OF PLANS

Article 8

The preparation of plans for basic reconstruction will be bound by this Regulation before a permanent regulation is promulgated.

Article 9

Documented plans are the basis on which the basic reconstruction project proceeds. No project will be undertaken before all necessary documents are prepared. Careful economy will be observed in planning.

Article 10

Planning for classes A, B, and C projects will not be undertaken before their preliminary plans are completed and approved. Preliminary plans for these projects should be made in accordance with the interest of national reconstruction and long-run economic plans.

The purpose of making the preliminary plans is to ascertain the field of production and lay the foundation for detailed plans. The content of the preliminary plans for industry (plans for non-industrial projects shall be drawn up in accordance with the same principle set forth here; the detailed items shall be delineated by the departments of the Central People's Government and become effective upon approval of the ^{CPE} ~~Central Committee on Financial and~~

RESTRICTED

RESTRICTED

~~Economic Affairs~~) consist of the following:

- (1) Name of the product and its significance in the national economy;
- (2) Magnitude of the production scale and its prospects for further development;
- (3) Location of the plant and its relationship with other industries;
- (4) Length of time required for the completion of the project and the problem of cooperation with related industries;
- (5) Size of the estimated investment and the amount of foreign money required;
- (6) Resources and other economic conditions, including the available supply of raw materials and machinery, and also the prospective outlet for the proposed product.

A number of alternative preliminary plans with accurate appraisals attached should be submitted with the preliminary plans for reference purpose.

No alteration should be made on the approved preliminary plans except by permission of the authority which gave the original approval.

RESTRICTED

~~RESTRICTED~~
~~SECRET~~

Article 11

Planning of a project consists of the preparation of three documents: the preliminary draft, the technical plan, and the detailed plan. However, planning for the restoration of a project which has been in existence may proceed with a preliminary draft and a technical plan, and a blueprint attached to the latter.

(1) A preliminary draft is a document dealing with a general appraisal of the proposed project and exploring the project's technical possibility and economic desirability. In making the preliminary draft, all the technical and economic factors involved in the proposed project should be carefully studied. No preliminary draft shall be attempted unless studies are carefully and thoroughly made. A preliminary draft dealing with industrial plant consists of the following topics. (Contents of non-industrial projects shall be made in accordance with the same principle; the exact contents shall be defined by the government departments and put into effect upon the approval of the ~~Central Committee on Financial and Economic Affairs~~ ^{CPE}):

(a) Site of the proposed enterprise.

(b) Organization of the enterprise administration.

Names of the products by individual divisions. Production capacity, methods, principal equipment and facilities, production organization, operational system, plans for gradual expansion, and labor force.

~~RESTRICTED~~

RESTRICTED
~~SECRET~~

(c) Appraisals of the demand and supply conditions of raw materials, machinery and equipment, fuel, water supply, power supply, transportation and other factors that are needed at various stages of development.

(d) Methods of cooperation between the proposed enterprise and other related industries with regard to the exchange of finished and semifinished products, joint use of water and power supplies, mutual consultation concerning housing plans and workers' welfare plans.

(e) Sizes of the principal and secondary buildings, standards of construction, and the speed at which the construction shall be undertaken.

(f) Number of workers and employees needed in each stage of development and size of housing facility, utilities, and other welfare facilities that are needed at each stage.

(g) An estimate of the amount of building materials, equipment, power supply, water supply, and labor force required for the construction of the enterprise's principal buildings. A preliminary plan for undertaking the actual construction work.

(h) A map of the topography of the plant's site, and also drafted blueprints of its principal buildings and facilities.

(i) Budget plans of the entire enterprise and its subordinate divisions with detailed evaluation based on prices of the needed materials and equipment.

RESTRICTED

RESTRICTED

~~SECRET~~

(j) If the proposed enterprise is required to use jointly with other government agencies and enterprises land, water supply, power supply, raw materials, transportation, telephone, technical skill, sewage and labor, a written agreement with the related agencies must be obtained and attached to the preliminary draft.

(2) A technical plan must be made on the basis of the approved preliminary draft without contradicting the principal provisions set forth in the latter. The approved technical plan and its detailed budget shall become the most essential documents for the nation's economic reconstruction program.

A technical plan is a specified and ramified version of the approved preliminary draft. On the basis of the technical plan an enterprise may proceed with purchase orders for needed machinery and equipment, make preparation for hiring workers and undertake various jobs that require no detailed plan.

The technical plan shall consist of the following: (a) A graphic version of all the installations, (b) production system, (c) transportation, (d) power supply, (e) water supply and sewage system, (f) house heating and ventilation system, (g) personnel and housing facilities, (h) buildings, (i) organization of work at the first stage of operation, (j) economic aspect of its technology. Each of the above-mentioned topics should include the necessary documents and diagrams. Detailed contents of the technical plan shall be dealt with in separate regulations.

- 9 -

RESTRICTED

RESTRICTED

~~SECRET~~

The estimated budget attached to the technical plan is an inseparable part of the technical plan; its exact contents and procedure will be dealt with in separate regulations.

(3) A detailed plan for work performance is a minute description of the job on the basis of the approved technical plan.

Article 12

Each new, rebuilt, or restored enterprise should draw up, in addition to its preliminary plans for its constituent units on a yearly basis, an overall plan for the enterprise's reconstruction projects which are slated to be undertaken over a period of years.

Such an overall plan for those individual enterprises which are going to undertake various projects within the next few years should be completed in 1952 unless exception is granted by the ^{CFE} ~~Committee on Financial and Economic Affairs~~. An overall plan which has not been submitted for approval within 1952 will not, beginning in 1953, be included in the national basic reconstruction program.

Article 13

(1) If the project is of the restoration variety where there have been documents used for planning, the enterprise may submit these documents to the higher authority for examination

~~SECRET~~
- 10 -

RESTRICTED

RESTRICTED
SECRET

instead of preparing new ones.

(2) Preliminary plans for the rebuilt or restored projects which cannot exceed the established quotas may be simplified as the need arises. Measures dealing with the simplification of these plans will be provided for by the departments concerned upon approval of the ~~Central Committee on Financial and Economic Affairs~~ CFE.

Article 14

The planning of large-scale projects which involve technical difficulties and which require the hiring of a foreign expert or experts shall be dealt with in accordance with the Regulations Concerning the hiring of Foreign Planning Expert Teams, promulgated on 30 April 1951 by the ~~Central Committee on Financial and Economic Affairs~~ CFE.

Article 15

Procedure for submitting, examining, and approving the basic reconstruction projects is as follows:

RESTRICTED

~~SECRET~~ RESTRICTEDProposed ProjectsI. Open Quota Projects: Class A, investment over 100 million yuan --

Preliminary plans -- (1) Initiated by Central Government Ministries or by the administrative regions with endorsement by government ministries.

(2) Submitted by the CFE to the GAC for approval.

Preliminary Draft -- (1) Recommended by government ministries.

(2) Approved by the CFE.

Technical plan -- (1) Approved by the Central Government ministries or their authorized agencies, or by the administrative regions which shall file it with the ministries.

(2) Topographic maps and budget estimates should be sent to the CFE as memorandums.

Detailed plan -- (1) Quality of the detailed design must be fully guaranteed by the planning division.

(2) The planning division shall be informed of any technical deficiency in the detailed plan in the course of work and make corrections accordingly.

II. Open Quota Projects: Class B, investment below 100 million yuan --

Preliminary plans -- (1) Same as Class A.

(2) Approval by the CFE.

Preliminary Draft -- (1) Approval by government ministries, or by the administrative regions which shall file it with the government ministries concerned.

(2) To be kept on record by the CFE.

Technical plan -- (1) and (2) Same as Class A.

Detailed plan -- (1) and (2) Same as Class A.

~~SECRET~~

RESTRICTED

III. Closed Quota Projects: Class C, investment over 2 billion yuan --

Preliminary plans -- Approved by the government ministries, the administrative regions, or agencies authorized by them.

Preliminary draft -- (1) Same as Class B.

(2) Budget estimates shall be filed with the CFE.

Technical plan -- Approval by the central government ministries or by the administrative regions or by agencies authorized by them.

Detailed plan -- (1) and (2) -- Same as Class A.

IV. Closed Quota Projects: Class B, investment under 2 billion yuan --

Preliminary plans -- none

Preliminary draft -- none

Technical plan -- Agencies will be authorized by the central government ministries or the administrative regions to give approval to the technical plan.

Detailed plan -- (1) and (2) Same as Class A.

NOTES: ~~the~~ (1) Projects which may be initiated or approved by an administrative region will be under the direct supervision of the regional government on behalf of the Central People's Government. (2) Procedure for handling the plans for those projects which are under the jurisdiction of the administrative region shall be determined by the regional government, except for projects classified as Open Quota (~~the~~ the preliminary plans of these projects ^{must} ~~shall~~ be submitted by the central government ministries to the CFE for approval).

-13-

RESTRICTED

40 p. 16
↓

RESTRICTED
~~SECRET~~

Necessary amendment may be made on the basis of this Article by the ^{ministries} ~~departments~~ of the Central People's Government for individual enterprises which encounter practical difficulties in following the procedure set forth in this Article; such amendment shall be submitted to the ^{CEE} ~~Central Committee on Financial and Economic~~ Affairs for approval.

Article 16

No alternation shall be made on any approved documents on planning; alternation may be made only by following the procedure defined in Article 15. However, upon the consent of the original planning agency, alternation of a purely technical nature which does not change the original operational scale and standards may be made.

Article 17

The responsible ^{ministries} ~~departments~~ of the Central People's Government shall draw up various standard forms for preparing documents on planning after their planning divisions have been well established and when other necessary conditions prevail; these standard forms shall be adopted by government agencies to reduce the cost of planning.

- 16 -

RESTRICTED

~~SECRET~~
RESTRICTED

IV. EXECUTION OF PLANS

Article 18

A project should be carried out in accordance with the approved plans; no project will be undertaken unless its plans have been approved.

(1) A Class A open quota project will be undertaken only after its entire technical plan, estimated budget, and the basic construction program of the fiscal year for the enterprise involved have been approved. However, the enterprise may (a) present a construction program applying to the construction of basic works (such as road, power lines, workers' dormitories, etc) to the higher authority after the preliminary draft has been approved; it may then undertake these basic works following approval of the construction program; (b) present a technical plan for the first stage of the project, a construction budget, and a construction program of the fiscal year to its higher authority for approval; then it may start the construction work after these technical plan for the first stage, the construction budget, and the construction program have been approved by responsible government agencies.

(2) The above-mentioned provision applies also to a Class B open quota project. In time of emergency, a project may be undertaken after its preliminary draft, estimated budget, and the construction program of the fiscal year for the enterprise involved have been approved. However, its technical plan should be completed and approved before the construction is undertaken.

15
- 17 -

RESTRICTED

~~SECRET~~
RESTRICTED

(3) For a project of Class C, closed quota type, construction may be started on the basis of the approved preliminary draft, the estimated budget, and the basic construction program of the fiscal year. However, in principle each project should complete its technical plan and have it approved before construction starts.

(4) If a project is to be built in stages, the sum total of the budgets stipulated in the technical plan for each stage shall not be greater than the total amount stipulated in the approved rough draft.

Article 19

In executing plans of a project, the following rules shall be observed:

(1) Rigid control over the appropriated funds, materials, and close coordination of work performance. The appropriated funds, construction materials, and work assignment should be properly managed in order to avoid waste arising from over-accumulation of funds and materials, idleness of workers, etc.

(2) Rigid standards must be maintained in construction work. Avoid wastage and work of poor quality.

16
-18-
~~SECRET~~
RESTRICTED

~~RESTRICTED~~

V. SUPERVISION, APPROPRIATION OF FUNDS, AND WORK INSPECTION

Article 20

On the basis of jurisdiction over reconstruction projects, budgets for the projects shall be administered through two government channels: funds for projects under the jurisdiction of the Central People's Government (including projects supervised by the ~~greater~~ administrative ^{region} ~~district~~ government on behalf of the Central People's Government) will be appropriated from the budget of the Central People's Government; funds for projects under the jurisdiction of the ~~greater~~ administrative ^{region} ~~district~~ government (including local projects) will be appropriated by the responsible ~~greater~~ administrative ^{region} ~~district~~ government from its budget.

Funds for projects jointly invested by the Central People's Government and the ~~greater~~ administrative ^{region} ~~district~~ government will be appropriated by both governments in proportion to the amount of their investment.

Article 21

In accordance with the directives issued by the Central ~~Committee on Financial and Economic Affairs~~ ^{CFE} ~~Ministry~~, the ~~Department~~ of Finance will appoint a specialized bank to supervise and transfer the appropriated funds to the various projects. The ~~Department~~ ^{Ministry} of Finance and the appointed bank will make periodic reports to the Central ~~Committee on Financial and Economic Affairs~~ ^{CFE} and other

~~RESTRICTED~~

RESTRICTED
SECRET

related government departments on the transfer of funds; procedure for making these reports will be dealt with in separate regulations by the ~~Central Committee on Financial and Economic Affairs~~ ^{CFE}.

Article 22

Each enterprise or government agency undertaking the reconstruction projects shall make special reports, quarterly reports and annual reports to the higher government authority on the progress of the projects.

Article 23

The departments of the Central People's Government, the Administration of State Enterprises, the ~~greater~~ administrative ^{regions} ~~district governments~~ shall institute an inspection system to supervise the projects under their jurisdiction; this inspection system may be instituted in the following two forms: (1) each agency will examine the periodical reports of its subordinate enterprises and submit written reports to the higher government agencies at the end of a quarter and fiscal year; (2) it will assign its personnel to make field inspections of projects of vital importance and projects suspected of maladministration from their reports. The finding from the inspection will be reported to the higher government agencies.

Article 24

Forms of the statistical and periodical reports shall be

18
- 20 -

RESTRICTED

~~SECRET~~

RESTRICTED

dealt with in separate regulations by the ~~Central Committee on~~
~~Financial and Economic Committee.~~

VI. OFFICIAL ACCEPTANCE OF FINISHED PROJECTS AND THE PREPARATION OF FINAL BUDGETS

Article 25

The purpose of conducting an official examination and acceptance of a finished project is to insure that the project is completed in accordance with the prescribed standards and fit for production operation (or use). When a component unit of a project is completed, the agency which is responsible for the supervision and management of the project shall, together with a representative of an authorized bank, inspect the project and certify the acceptance in written documents; (this applies particularly to underground construction works such as foundation excavation, underground wire or pipe installation); and when all the component units are completed and the complete project is ready to be transferred to the production division for operation (or use), the responsible agency shall officiate at the final acceptance of the project in accordance with the following procedure:

- (1) For the Class A project, its official acceptance will be conducted by the responsible ~~departments~~ ^{ministries} or bureaus of the Central People's Government, to be assisted by the ~~Department~~ ^{Ministry} of Finance and the committee on ~~financial and economic~~ ^{finance} ~~affairs~~ ^{region} of the ~~greater~~ administrative district, (if necessary,

- 2 -

RESTRICTED

~~RESTRICTED~~

Committee of People's Supervision
experts and members of the ~~People's Control Committee~~ may be invited to take part in the acceptance); the official acceptance report shall be filed by the responsible ~~departments~~ *ministries* of the Central People's Government to the ~~Central Committee on Financial and Economic Affairs~~ *CFE*.

(2) For the Class B or Class C project, after being reported to the Administration of State Enterprises and the responsible ~~departments~~ *ministries* of the Central People's Government, acceptance will be conducted by the officials assigned by the said ~~departments~~ *ministries*. Projects under the jurisdiction of the ~~greater administrative district government~~ *region* will be accepted by officials assigned by the ~~district government~~ *regional* government's responsible divisions and its committee on ~~financial and economic affairs~~ *finance*.

Article 26

When a project is completed, a final budget shall be prepared by the responsible agency.

(1) Each agency responsible for the supervision and management of the project shall make a final budget upon the completion of the project or a certain phase of the construction; this final budget will be filed through the General Administration of State Enterprises or the related divisions of the ~~greater administrative district government~~ *region* to the related ~~departments~~ *offices* of the Central People's Government, and to the ~~Department~~ *Ministry* of Finance. A copy of the final budget shall also be sent to the authorized bank. After the acceptance of the final budget, the project will be entered into accounts as fixed assets.

~~RESTRICTED~~

~~SECRET~~

RESTRICTED

ministries

(2) The responsible ~~departments~~ of the Central People's Government shall, on the basis of the project's final budget, compute the labor and materials costs of the project; designate a suitable work unit (for instance, a cubic meter of concrete work) and compute its costs in terms of labor and construction materials; and report such computations each year to the ~~Central~~ *CFE* Committee on Financial and Economic Affairs which will use them to improve planning of subsequent construction projects.

VII. PREPARATION OF BASIC RECONSTRUCTION PLANS

Article 27

The basic reconstruction plans constitute an important part of the national economic plan; they must conform to the general political and economic objectives of the given period and the nation's long-run reconstruction program. These basic reconstruction plans shall include plans for surveying, designing, and undertaking various projects. They should be made in accordance with government guidance; they should be of educational value and of practical use and suitable in the light of the reality. After the basic reconstruction plans are approved, preparations shall be made to carry them out.

Article 28

Preparation of a reconstruction plan consists of the following procedure:

- (1) A plan is formulated on the basis of norms issued

~~SECRET~~

- 23 -

RESTRICTED

RESTRICTED

by higher government levels to lower government levels.

(2) A plan is prepared by the basic administrative unit or enterprise and is processed upward to the higher authority.

(3) A plan which is made by a low-level government authority is approved by the higher authority.

Article 29

On the basis of administrative authority, all basic reconstruction plans are placed under either of the two administrative systems: the central government (also having control over the enterprises entrusted to the ~~greater~~ administrative ^{regions} ~~district governments~~) and the ~~greater~~ administrative ^{regions} ~~district governments~~.

Plans for enterprises jointly invested by the central government and the ~~greater~~ administrative ^{regions} ~~district government~~ will be prepared and supervised by the government having the original jurisdiction over the planned enterprises.

Article 30

Norms used in economic planning will be prepared and issued in accordance with the following procedure:

(1) On the basis of the government's economic policy, defense needs and civilian needs, the existing industrial capacity, the availability and geographical distribution of manpower and natural resources, and taking into consideration of the opinions

- 24 -

RESTRICTED

RESTRICTED

forwarded by government ^{ministries} ~~departments~~ and the ~~greater~~ administrative ^{CFE} ~~regions~~ ^{ministries} ~~governments~~, the Central Committee on Financial and Economic Affairs will determine the norms in terms of percentage performance for economic reconstruction projects and will distribute these norms to the responsible government ^{ministries} ~~departments~~ and the ^{regions} ~~greater administrative district governments~~ which in turn will distribute the norms to their subordinate agencies and enterprises and report this distribution to the ^{CFE} ~~Central Committee~~.

Before the norms are finally determined, the responsible government ^{ministries} ~~departments~~ will forward the economic data submitted by their subordinate agencies and enterprises with recommendations to the ^{CFE} ~~Central Committee~~ for study. (Recommendations concerning the enterprises in charge from the ~~greater~~ administrative ^{region} ~~district~~ government on behalf of the Central Government will be made by the ^{regional} ~~district~~ committee on ^{finance} ~~financial~~ and economic ^{control} ~~affairs~~, at the same time the ~~state~~ enterprise ^{regional} ~~division~~ in the ^{CFE} ~~district~~ government will make recommendation to the ^{offices} ~~Central Committee~~ through the responsible government ~~departments~~.)

The committee on ^{finance} ~~financial~~ and economic ^{region} ~~affairs~~ in each ~~greater~~ administrative ~~district~~ (called People's Committee on Economic Planning in Northeast China) will submit norms for its entire region with descriptions. In the meantime, it will submit the norms to government ^{ministries} ~~departments~~ concerned which will in turn forward them with recommendations to the ^{CFE} ~~Central Committee~~.

RESTRICTED

-25-

RESTRICTED

RESTRICTED

(2) The Government ^{ministries} ~~departments~~ concerned and the committees on ^{finance} ~~financial~~ and economic ^{regions} ~~affairs~~ of the ~~greater~~ administrative ~~district~~ ^{regions} ~~governments~~ will, on the basis of the norms assigned to them by the ^{GAC} ~~Administrative Council~~, distribute the norms to their subordinate agencies and enterprises with detailed instructions.

(The norms for enterprises entrusted to the ~~greater~~ administrative ^{region} ~~district~~ ^{ministries} ~~government~~ will be sent directly to the enterprises by the government ^{ministries} ~~departments~~ concerned with a copy of them sent to the ~~greater~~ administrative ^{region} ~~district~~ ^{ministries} ~~governments~~;

Article 31

The following principles for the determination of norms shall be observed for the government ^{ministries} ~~departments~~ and the committees on ^{finance} ~~financial~~ and economic ~~affairs~~;

(1) Norms should be in complete accord with government reconstruction policy and objectives; key projects will be given preference so that production will be boosted in the shortest time.

(2) In setting norms we should carefully examine our own ability and the external circumstances so that a project can be completed as planned within a fiscal year without overburdening the financial budget. Over-expansion, over-stock of basic materials, and low capital turnover should be avoided.

(3) Proper weight should be given to planning. Norms

RESTRICTED

RESTRICTED

set forth in the plan must be within our means to fulfill. Appropriation asked for a project, the preliminary draft for which cannot be completed and approved before 1 June of the year, will not be included in the norms planned for that year; exception may be made on those projects the rough drafts for which, and the construction work outlined in these drafts which can be completed within the fiscal year.

(4) The sum total of the numeral norms issued by government agencies at various levels to various industries cannot exceed those issued by the ~~Administrative Council~~ ^{GAC}.

Government ~~departments~~ ^{ministries} and the committees on ~~financial~~ ^{finance} and economic ~~affairs~~ ^{region} at the ~~greater~~ administrative ~~district~~ ^{level} may revise the norms issued by the ~~Administrative Council~~ ^{GAC}; petition for making such revision should be made to the ~~Administrative Council~~ ^{GAC} by way of the ~~Central Committee on Financial and Economic Affairs~~ ^{CFC}.

Article 32

Reconstruction plans should be prepared in accordance with the following procedure:

(1) Individual enterprise or project should draw up an annual reconstruction plan in accordance with the norms and instructions issued by higher level government authority and submit it to that authority. The enterprise should also make quarterly plans on the basis of the annual norms.

- 27 -

RESTRICTED

~~RESTRICTED~~

(2) The Central Government ^{ministry} ~~enterprise~~ having jurisdiction over the ~~state~~ enterprise or project will forward the annual plan of the latter to higher level government authority for approval; it will send one copy of this plan to the government of the ~~greater~~ ^{region} administrative ~~district~~ where the enterprise is located.

Each ~~state~~ ^{control} enterprise ^{ministry} bureau in various government ~~department~~ ^{ministries} shall, on the basis of the plans submitted by their subordinate enterprises, compile a general plan for the bureau as a whole and submit it to ~~department~~ ^{ministry} authority for approval together with the original plans from individual enterprises. This plan will embody in it the plans of the individual enterprises which are supervised by the ~~greater~~ ^{region} administrative ~~district~~ ^{government} on behalf of the Central government.

Each government ~~department~~ ^{ministry} will compile a general plan for the ~~department~~ ^{ministry} from all the plans submitted by its subordinate agencies.

(3) The reconstruction plans of the enterprises supervised by the ~~greater~~ ^{region} administrative ~~district~~ ^{government} on behalf of the central government will be processed by the ~~state~~ ^{control} enterprise ^{regional} division of the ~~district~~ government to high-level authority for approval.

The ~~state~~ ^{control} enterprise ^{regional} division of the ~~district~~ government will combine the plans of the enterprises entrusted to it by the central government for supervision into a general plan and submit it to the committee on ^{finance} ~~financial~~ and economic ~~affairs~~ ^{affairs}

~~RESTRICTED~~

RESTRICTED

~~SECRET~~

of the ~~greater administrative district government~~ ^{region}; the ~~state~~ ^{control} enterprise ~~division~~ ^{division} should also submit the plans from the above-mentioned enterprises to the government ~~departments~~ ^{ministries} concerned so that these plans will be included in the various ~~departmental~~ ^{ministerial} plans. The ~~departments~~ ^{ministries} concerned in turn will notify the General ~~Administration~~ ^{Administration} of State Enterprise ~~Administration~~ of these plans.

The committee on ~~financial~~ ^{finance} and economics ~~affairs~~ ^{region} of the ~~greater administrative district government~~ will combine the plans of the enterprises which are supervised by it on behalf of the central government into a general plan and submit it with its own recommendations to the ~~Central Committee on Financial and Economic Affairs~~ ^{CFE}.

(4) The committee on ~~financial~~ ^{finance} and economics ~~affairs~~ ^{region} of the ~~greater administrative district government~~ will combine the plans submitted to it by its subordinate enterprises into a general plan and submit it to the ~~Central Committee on Financial and Economic Affairs~~ ^{CFE}; it will also process the plans of the individual enterprises to the government ~~departments~~ ^{ministries} concerned with the plans.

(5) The ~~Central Committee on Financial and Economic Affairs~~ ^{CFE} will summarize the two sets of economic plans, one being under the direct control of the central government and the other under the direct control of the ~~greater administrative district governments~~ ^{region}, into a national reconstruction plan, and submit same to the ~~Administrative Council~~ ^{GAC} for approval.

RESTRICTED
~~SECRET~~Article 33

Approved forms should be used in preparing various reconstruction plans:

(1) Forms used in planning will consist of a concrete description on the proposed reconstruction projects including their respective financial estimates, raw materials supply, and labor supply.

(2) The ~~departments~~ ^{ministries} of the central government, the committees on ~~financial~~ ^{finance} and economic ~~affairs~~ ^{affairs}, and the state enterprise ~~divisions~~ ^{regions} of the ~~greater administrative district govern-~~ ^{central depts.} ~~ments~~ will use forms issued by the Central Committee on Financial and Economic Affairs, but the ~~state enterprise divisions~~ ^{C.E.} may use forms adopted by the governmental ~~departments~~ ^{control depts.} in submitting to them the plans of the enterprises which are supervised by them on behalf of the central government.

(3) Enterprise bureaus of the governmental ~~departments~~ ^{ministries} and enterprise ~~divisions~~ ^{regions} of the ~~greater administrative district governments~~ ^{ministries} will use forms issued by the governmental ~~departments~~ ^{ministries} concerned.

(4) Enterprises under the jurisdiction of the central government will use forms issued by the ~~departments~~ ^{ministries} concerned or by the General State Enterprises Administration. ^{for}

(5) The committee on ~~financial~~ ^{finance} and economic ~~affairs~~ ^{affairs} of a ~~greater administrative district government~~ ^{region} will prepare various forms used in economic planning for its subordinate enterprises on the basis of the forms issued by the central ~~ministries~~ ^{regions}

RESTRICTED
~~SECRET~~

RESTRICTED

~~SECRET~~

government. These forms must include in them volume of work performed, production capacity at the beginning of the operation, and fixed assets.

(6) Forms issued by government agencies at various levels must be submitted to higher authorities for study and approval.

VIII. APPENDIX

Article 34

Regulations dealing with local projects will be drawn up on the basis of this Regulation by the ~~greater~~ administrative ^{region} district government.

Article 35

Additional provisions may be made to supplement this regulation by governmental ^{ministries} departments and the ~~greater~~ administrative ^{regions} district governments; but these supplementary provisions become effective only after the approval by the ~~Central Committee on Financial and Economic Affairs.~~ ^{C.F.E.}

Article 36

The former Provisional Regulations on Reconstruction Work Performance Procedure will be suspended after this Regulation becomes effective.

- 34 -

29

RESTRICTED

RESTRICTED

INVESTMENT QUOTAS ON VARIOUS INDUSTRIES (Unit: 100 million yuan)

Fuel Industry

Power supply

Power generation 500

Power transmission facilities 300

Coal mining 500

New coal mines (Included as Open
Quota Projects)

Oil extracting and refining 500 (Including synthetic oil)

Heavy IndustryIron and steel industry 500 (Including coal
hydrogenation)

Nonferrous metal manufacturing 300

Coal distillation (Synthetic oil) 500

Machine-building industry 300 (Including machine-
building and repairing,
metal products manu-
facturing, manufac-
turing of communi-
cation equipment
and others).

Electrical equipment 300

Fertilizer manufacture 500

SECRET

- 22 -

30

SECRET

RESTRICTED

Other chemical industries	200
Cement	200
Glass	200

Light Industry

Rubber processing	150
Paper manufacturing	150
Leather	100
Lumber milling	50
Sugar refining	150
Oil and fat Vegetable oil industry	100 (edible oil, Tung oil, and others.)
Liquor industry	50
Salt	50
Flour	50

Textile Industry

Textile Mills	300 (Including cotton, wool, and flax textile)
Cotton processing	100

Other Industries

100 (Industries not in-
cluded above)

Rail Transportation

New lines and Double tracking	(Not limited by quota)
Bridges	500
Railroad machine shops	200

- 33 -

RESTRICTED

RESTRICTED

Railway improvement:

- | | |
|----------------------|-----|
| 1. Railroad stations | 100 |
| 2. Automatic signals | 100 |
| 3. Road improvements | 100 |

Waterways and Highways

- | | |
|----------------------------------|------------------------|
| New sea or river port facilities | (Not limited by quota) |
| Buildings in ports | 100 |
| Port improvements | 100 |
| New highways | (Not limited by quota) |
| Highways restored and rebuilt | 200 |
| Highway bridges | 100 |
| Vehicle repair shops | 100 |

Telecommunications

- | | |
|--------------------------------|------------------------|
| New telephones | (Not limited by quota) |
| Expansion of telephone service | |
| in major cities | 300 |
| New or expanded long distance | |
| telephone and telegraph | 100 |
| Improvement of telephone and | |
| telegraph lines | 100 |
| New telecommunication stations | 100 |

Agriculture

- | | |
|---|------------------------|
| New branch ^{tractor} stations | (Not limited by quota) |
| Herding ^{Herding} Sattle | 30 |

RESTRICTED

RESTRICTED

Fishery 50
 Farm implement, insecticides, etc 80

Forestry

Timber cutting 100
 Forestation 50
 Timber products 100

Water Conservancy

~~Irrigation~~ 500
 Water reservoirs 500
 Flood relief divergence 500
 Flood control retention 500
 Flood prevention drainage 300
 Drainage projects 200
 Improvement of river discharges 200
 Irrigation 200
 River navigation

Civil Engineering

Storehouses 30
 Office buildings 30
 Dwellings 30
 Special lines (power or signal) for use by railroads 30
 Research and Experimentation 30

~~SECRET~~

RESTRICTED

Notes:

(1) Any closed quota project may be put on an open quota basis at the discretion of the ^{CFE} ~~Central Committee on Financial and Economic Affairs~~ if warranted by its economic significance.

(2) A project manufacturing products which have never before been introduced to China will not be limited by quotas regardless of the size of investment.

(3) Funds for buildings and research including building of storehouses, office buildings, dwelling houses, ^{Special} ~~rail~~ lines ^{for use} ~~used exclusively~~ by the railroads, laboratories, etc, which are not included in the quotas allocated to the respective individual industries will be treated as limited by quotas projects.

(4) In case these quotas are not suitable or inadequate the governmental ^{ministries} ~~departments~~ and the committees on ^{finance} ~~financial~~ and economic ^{regional} ~~affairs~~ of the ~~district~~ governments may petition the ^{CFE} ~~Central Committee on Financial and Economic Affairs~~ for revision or amendment.

END

CHIEF-FANG JIH-PAO

19 JAN 1952 p.2

RESTRICTED